

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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BELL SEMICONDUCTOR, LLC,	:	
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Plaintiff,	:	
-against-	:	22-CV-9260 (VEC)
	:	
ASMEDIA TECHNOLOGY, INC.,	:	<u>ORDER</u>
	:	
	:	
Defendant.	:	
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VALERIE CAPRONI, United States District Judge:

WHEREAS on October 28, 2022, Bell Semiconductor, LLC (“Plaintiff” or “Bell Semiconductor”) sued ASMedia Technology, Inc. (“Defendant” or “ASMedia”) for allegedly producing semiconductor chips using two of Plaintiff’s patents (the “Patents”) without authorization, *see* Compl., Dkt. 1; Am. Compl., Dkt. 32;

WHEREAS on November 18, 2022, Synopsys, Inc. (“Synopsys”) and Cadence Design Systems, Inc. (“Cadence”), which supply software used to develop semiconductor chips to Defendant, brought a lawsuit against Plaintiff in Delaware (the “Delaware Action”) seeking a declaratory judgment that their software does not infringe the Patents and that the Patents are invalid and unenforceable, *see* Compl., *Synopsis Inc. v. Bell Semiconductor, LLC*, No. 22-CV-1512 (CFC), Dkt. 1 (D. Del. Nov. 18, 2022) [hereinafter “Delaware Compl.”];

WHEREAS on January 11, 2023, Bell Semiconductor moved to dismiss the Delaware Action for lack of subject-matter jurisdiction, *see* Not. of Mot., *Synopsis Inc. v. Bell Semiconductor, LLC*, No. 22-CV-1512 (CFC), Dkt. 32 (D. Del. Jan. 11, 2023);

WHEREAS on April 27, 2023, the Delaware court denied Bell Semiconductor's motion to dismiss, *see* Oral Order, *Synopsis Inc. v. Bell Semiconductor, LLC*, No. 22-CV-1512 (CFC) (D. Del. Apr. 27, 2023);

WHEREAS on June 2, 2023, Defendant moved to stay this case pending resolution of the Delaware Action, *see* Not. of Mot., Dkt. 51;

WHEREAS on June 16, 2023, Plaintiff opposed Defendant's motion for a stay, *see* Pl. Mem., Dkt. 53;

WHEREAS a trial court has the inherent power to stay proceedings in the interest of saving "time and effort for itself, for counsel, and for litigants," *WorldCrisa Corp. v. Armstrong*, 129 F.3d 71, 76 (2d Cir. 1997) (quoting *Nederlandse Erts-Tankersmaatschappij, N.V. v. Isbrandtsen Co.*, 339 F.2d 440, 441 (2d Cir. 1964));

WHEREAS when deciding whether to stay proceedings, courts examine "(1) the private interests of the plaintiffs in proceeding expeditiously with the civil litigation as balanced against the prejudice to the plaintiffs if delayed; (2) the private interests of and burden on the defendants; (3) the interests of the courts; (4) the interests of persons not parties to the civil litigation; and (5) the public interest," *Catskill Mountains Chapter of Trout Unlimited, Inc. v. Envtl. Prot. Agency*, 630 F. Supp. 2d 295, 304 (S.D.N.Y. 2009) (collecting cases);

WHEREAS the "general rule" is that, "absent special circumstances," a lawsuit filed first takes priority over a subsequently filed lawsuit, *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081 (Fed. Cir. 1989) (quoting *William Gluckin & Co. v. Int'l Playtex Corp.*, 407 F.2d 177, 178 (2d Cir. 1969)); and

WHEREAS under the "customer suit" exception to this first-to-file rule, if the later-filed suit is a declaratory judgment action brought by the manufacturer of an allegedly infringing

product and the earlier-filed suit is a patent infringement suit against the manufacturer's customers, courts may stay the earlier-filed suit in the interests of justice, *see id.*;

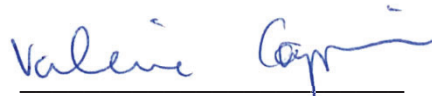
IT IS HEREBY ORDERED that Defendant's motion to stay the case is GRANTED pending resolution of the Delaware Action. Synopsys and Cadence brought the Delaware Action to seek a declaratory judgment that the very Patents at issue in this case are invalid and unenforceable, and that their technology (which ASMedia uses in its semiconductor chips) is not infringing. *See* Compl., *Synopsis Inc. v. Bell Semiconductor, LLC*, No. 22-CV-1512 (CFC), Dkt. 1 (D. Del. Nov. 18, 2022). Staying this case until the Delaware Action is resolved will allow Plaintiff to confront the manufacturers at the root of this dispute, preserve resources, and avoid conflicting judicial decisions. *See* Order, *Bell Semiconductor, LLC v. ASMedia Technology, Inc.*, 22-CV-7307 (LGS), Dkt. 86 (S.D.N.Y. May 31, 2023) (staying a different patent infringement action by Plaintiff pending resolution of the Delaware Action on similar grounds); Order, *Bell Semiconductor, LLC v. Omnivision Techs., Inc.*, 8-22-CV-1512 (JAK), Dkt. 71 (C.D. Cal. Apr. 24, 2023) (same); *cf. Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1463–64 (Fed. Cir. 1990) (upholding an order enjoining a patentholder from proceeding in two customer actions in another district; "litigation . . . brought by the manufacturer of infringing goods takes precedence over a suit by the patent owner against customers of the manufacturer").

Plaintiff has not shown a risk of prejudice that outweighs the benefits of a stay. If, as Plaintiff insists, the Delaware Action will soon be dismissed for lack of jurisdiction, *see* Pl. Mem. at 3, the stay in this case will be lifted. Moreover, if the Plaintiff prevails in the Delaware Action, it would pave the way to damages from Synopsys and Cadence, which have already received indemnification requests from their customers. *See* Delaware Compl. ¶ 14.

The Clerk of Court is respectfully directed to close the open motion at Docket Entry 51 and to STAY the case. All deadlines are adjourned *sine die*. Not later than **September 1, 2023**, and on the first business day of every quarter thereafter, the parties must submit a joint status update to the Court.

**SO ORDERED.**

**Date: June 30, 2023**  
**New York, New York**

  
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**VALERIE CAPRONI**  
**United States District Judge**